

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022

(With Independent Auditor's Report Thereon)

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

KENNETH D. CLAUSON, CPA
SUSAN C. MOUSER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lincoln Trail Area Development District
Elizabethtown, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Lincoln Trail Area Development District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Lincoln Trail Area Development District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lincoln Trail Area Development District, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lincoln Trail Area Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lincoln Trail Area Development District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lincoln Trail Area Development District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lincoln Trail Area Development District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8, budgetary comparison information on page 33, and pension and OPEB schedules and notes on pages 34-39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincoln Trail Area Development District's basic financial statements. The accompanying schedule of shared costs, the combining schedule of operations by program and supporting services and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of shared costs, the combining schedule of operations by program and supporting services, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2023, on our consideration of the Lincoln Trail Area Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lincoln Trail Area Development District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln Trail Area Development District's internal control over financial reporting and compliance.

Clauson Mouser & Co.

Certified Public Accountants

January 18, 2023

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

As management of the Lincoln Trail Area Development District (LTADD), we present readers of the LTADD's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's basic financial statements, which begin on page 9.

NATURE OF THE ORGANIZATION AND REPORTING ENTITY

LTADD was created in 1968 through articles of incorporation and Kentucky state law, for the purpose of economic development, planning and public administration services in an eight county region in North Central Kentucky. The agency is a voluntary association of local governmental units funded via contributions from member counties and cities, federal and state grant awards, and contractual arrangements for services.

In evaluating LTADD as a reporting entity, management has addressed its relationship with the local governments and concluded that, in accordance with the criteria set forth in Sections 2100 and 2600 of the Governmental Accounting Standards Codification; LTADD is a separate reporting entity.

FINANCIAL HIGHLIGHTS

The beginning net position for LTADD was (\$2,254,154). The ending net position for the LTADD was (\$2,232,133). LTADD's total net position increased by \$22,021 or 0.98%, from this period last year. In the prior year net position increased by \$86,051. The LTADD is in the eighth year of implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and the fifth year of implementation of GASB 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", both have become more stable with regards to their effect on reporting, and contribute significantly to LTADD's deficit net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts (A) management's discussion and analysis (this section), (B) the financial statements and related notes, (C) required supplementary information, and (D) a supplementary information section. The basic financial statements include two kinds of statements that present different views of LTADD:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about LTADD's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of LTADD, reporting LTADD's operations in more detail than the government-wide statements, and reporting the short-term information only.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by sections of required supplementary information and other supplementary information that provide additional information related to the financial statements.

Government-wide Financial Statements

The government-wide statements report information about LTADD as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report LTADD's net position and how they have changed. Net position – the result of LTADD's assets and deferred outflows, less liabilities and deferred inflows – is one way to measure LTADD's financial health.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2022

Fund Financial Statements

The fund financial statements provide more detailed information about LTADD's most significant funds – not LTADD as a whole. Funds are accounting devices that LTADD uses to keep track of specific sources of funding and spending for particular purposes.

LTADD has two kinds of funds:

- General Fund – This fund focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. Consequently, the general fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance LTADD's programs.
- Special Revenue fund – Includes all grant programs and services operated by LTADD that are restricted for a special purpose.

FINANCIAL ANALYSIS OF LTADD AS A WHOLE

Table 1: Condensed Statement of Net Position

	2022	2021	Dollar Change	Percent Change
Assets				
Current Assets	3,004,088	2,836,594	167,494	5.90%
Capital Assets, net	142,394	45,822	96,572	210.75%
Revolving Loan Fund				
Cash & Receivables, net	653,011	636,049	16,962	2.67%
Total Assets	<u>3,799,493</u>	<u>3,518,465</u>	<u>281,028</u>	7.99%
Deferred Outflows of Resources	<u>1,780,483</u>	<u>1,585,006</u>	<u>195,477</u>	12.33%
Liabilities				
Current liabilities	989,351	844,268	145,083	17.18%
Non Current Liabilities	5,188,391	5,656,644	-468,253	-8.28%
Total Liabilities	<u>6,177,742</u>	<u>6,500,912</u>	<u>-323,170</u>	-4.97%
Deferred Inflows of Resources	<u>1,634,367</u>	<u>856,713</u>	<u>777,654</u>	90.77%
Net Position				
Invested in Capital Assets	142,394	45,822	96,572	210.75%
Restricted	653,011	636,049	16,962	2.67%
Unrestricted, adjusted	<u>(3,027,538)</u>	<u>(2,936,025)</u>	<u>(91,513)</u>	3.12%
Total Net Position	<u><u>\$ (2,232,133)</u></u>	<u><u>\$ (2,254,154)</u></u>	<u><u>\$ 22,021</u></u>	-0.98%

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2022

LTADD's net position increased \$22,021, or 0.98%, for the year ended June 30, 2022. The FY22 ending ratio of current assets to current liabilities is a little over 3 times. Cash increased by \$716,431, grant receivables decreased by \$388,473, accounts payable increased by \$26,311, funds due to grantor decreased by \$21,754 and deferred revenue decreased by \$1,066 in comparison to the prior year. The \$96,572 increase in capital assets was due to purchases, net of current year depreciation. The General Fund cash account increased by \$249,257 caused mainly by a reduction in interfund receivables from LTADD special revenue fund.

Table 2: Condensed Statement of Revenues, Expenses and Change in Net Position

	2022	2021	Dollar Change	Percent Change
Revenues				
Operating grants and contributions	\$ 10,352,778	\$ 9,809,347	\$ 543,431	5.54%
Charges for services	33,414	41,014	(7,600)	-18.53%
Member dues	90,959	89,617	1,342	1.50%
Interest	1,631	2,518	(887)	-35.23%
RLF - Loan loss allowance provision	-	-	-	0.00%
Other non-budget revenue	7,398	3,447	3,951	114.62%
Total Revenues	10,486,180	9,945,943	540,237	5.43%
Expenses				
General government	65,115	72,036	(6,921)	-9.61%
Community and economic development	473,436	500,814	(27,378)	-5.47%
Revolving loan funds	10,408	41,942	(31,534)	-75.18%
Employment and training	1,448,332	1,591,623	(143,291)	-9.00%
Social services	8,186,278	7,178,523	1,007,755	14.04%
Transportation	280,590	474,954	(194,364)	-40.92%
Total Expenses	10,464,159	9,859,892	604,267	6.13%
Increase (Decrease) in net position	\$ 22,021	\$ 86,051	\$ (64,030)	-74.41%

LTADD recognized a \$540,237, or 5.43% increase in revenue in FY 2022 when compared to revenue recognized in the FY 2021 period. The current year's increase can be attributed to an increase of \$988,938 in Social Services funding mostly due to a \$762,141 increase in Participant Directed Services program due to continued growth in client base. Title III funded services saw combined growth of \$302,315 over prior year while Homecare and Personal Care Attendant Program saw a net decrease of \$95,847 when compared to FY 2021. Community Development and Transportation funds decreased by \$202,547 mainly due to the completion of the East E-town Connectivity Study which reduced funding by \$179,663 from the previous year. The estimated allowance for loan losses is zero for both the RLF Legacy and RLF CARES Act programs due to direct deposit for revolving loan payments. At June 30, 2022, seven RLF Legacy loans and eight RLF CARES Act loans were paid through an ACH Authorized direct deposit program.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

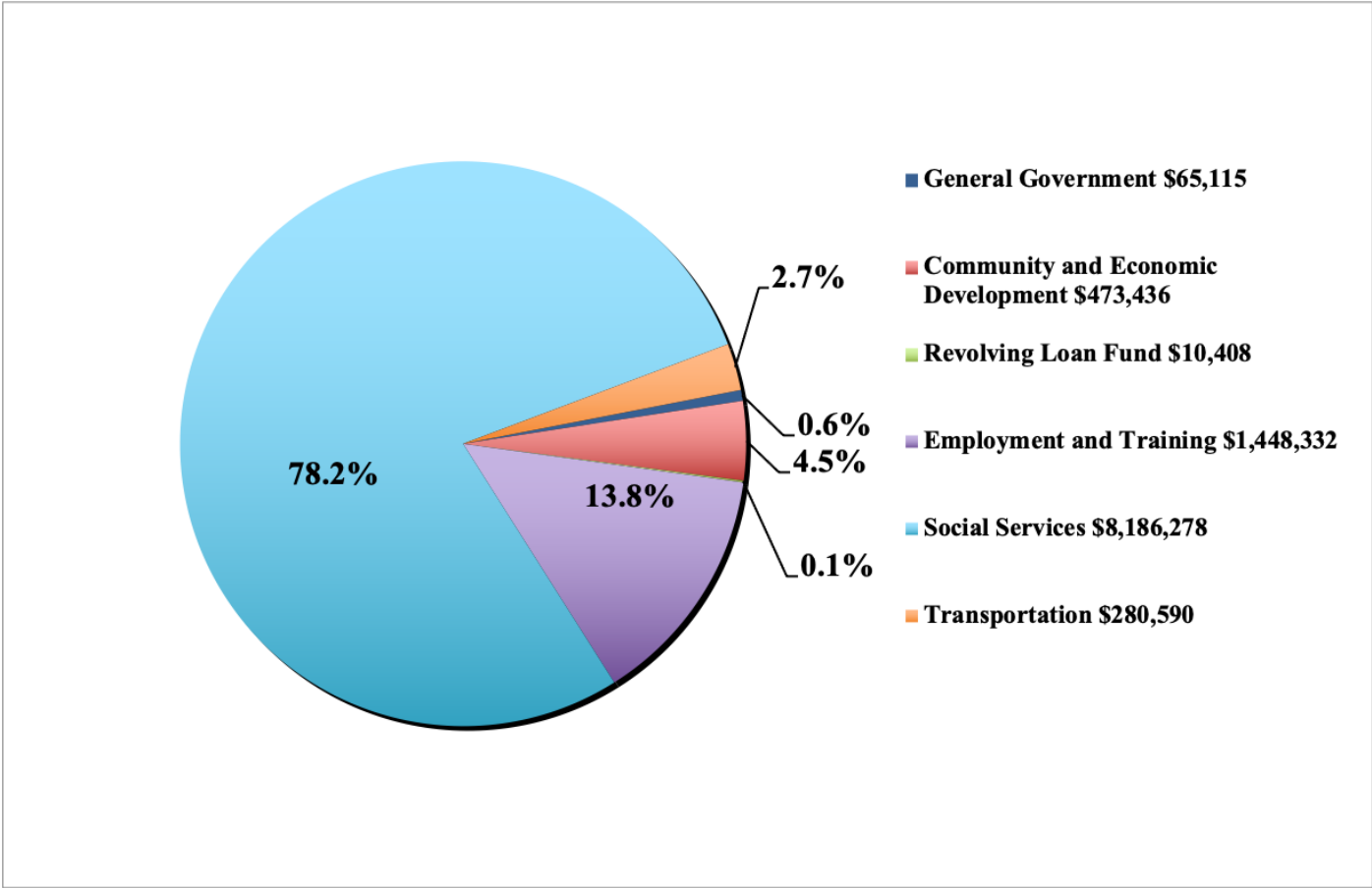
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

June 30, 2022

Expenses:

LTADD recognized a 6.13% increase in expenses in FY 2022 in comparison to the prior period. Social Services expenditures increased \$1,007,755 principally due to an increase of \$818,137 in Participant Directed Services program for client base services. Transportation expenditures decreased by \$194,364 due principally to completion of the East E-town Connectivity Study.

LTADD expenses cover a range of services. The following pie chart outlines the percentages and amounts expended by activity. Social Services makes up 78.2% of the expenditures; which is equal to a 5.4% increase over last year’s percentage. Community Development saw a 0.6% decrease and Transportation decreased 2.1% when compared to the prior period. Employment and Training activities made up 13.8% of expenditures, which is down 2.3% from its FY 2021 share.



LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2022

BUDGETARY HIGHLIGHTS

LTADD had \$10,498,820 in revenues (budget basis) for FY22. This is an increase of \$540,771 or 5.43% from the prior year. The highlights below give a brief description of the changes and the impact to the various programs of the LTADD:

- **COMMUNITY & ECONOMIC DEVELOPMENT (CED)** – The programs administered by the CED comprise the original functions and core activities of LTADD and its assistance to local units of government. Historically, the Joint Funding Administration (JFA) program exists as the primary component of the Community and Economic Development Department – the JFA serves as the original, legacy funding of all ADDs. The FY22 JFA contract had a \$1,356 or 0.68% increase in federal and state funds paid over funds received in FY21. The JFA project required \$6,768 of General funds to meet the necessary scope of work for the FY22 program year.

The overall Transportation Planning component of the LTADD (Metropolitan, Regional Transportation Planning and other Transportation funds) saw a \$182,847 or 40.67% decrease in FY22 funds when compared to FY21. This was primarily due to the completion of the East Elizabethtown Transportation Study. The MPO program also saw a \$9,189 or 6.39% decrease due to availability of staff to work on this project throughout the year. The Regional Transportation Planning Program increased by \$3,767 or 4.33% over FY21 funding due to \$3,864 in General funds added to meet scope of work requirements. The Local Road Update funding increased by \$4,597 or 23.9% over the prior period due to additional scope of work requirements and new staff training which required \$5,629 in General Funds to complete. The Federal Transit Administration program saw a 79.51% or \$2,359 decrease in funding due to a reduction in the work activities provided in FY22.

The overall decrease of CED revenues in the amount of \$202,585 can be primarily attributed to a reduction in spending of Economic Development Administration – JFA Coronavirus Aid, Relief, and Economic Security (CARES) Act planning grant funds (a \$29,043 reduction from FY21 funding) and the completion of the East Elizabethtown Transportation Study (a \$182,847 reduction from FY21 funding).

- **WORKFORCE INVESTMENT** – The programs of the Workforce Innovation & Opportunity Act (WIOA) performed by the LTADD Employment and Training Department saw revenues decrease by \$96,152, or 6.28%, when compared to FY21. This can largely be attributed to the Deputy Director performing more agency operational duties and less staff time used to perform scope of work requirements in FY22 than in the prior period.
- **SOCIAL SERVICES** – Kentucky's Area Development District's (ADDs) social services funding both financially match and complement the federal programs comprising the Older Americans Act. Virtually all funding in state programs is designed to keep seniors (and those who are disabled) in their homes and in the community rather than in institutional settings. The LTADD traditional social services funding levels (Title III) experienced a \$302,315 or 17.0% increase when compared to FY21 figures. The increase in Title III funds came mainly from FY21 Federal Unexpended funds reallocated to FY22 to increase services to existing clients and allowing additional clients in our region to be served. Homecare services saw a reduction of \$74,921 or 8.1% from the prior period, Homecare funds were reallocated to expand Title III programs. The Home & Community Based Participant Directed Services (PDS) program grew by \$762,141, or approximately 20.0% over FY21. Overall, combined federal and state revenue increased by \$979,484 or 14.2% from Social Services' FY21 funding levels.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**

June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

At year-end 2022, LTADD had invested \$504,322 in capital assets, including vehicles, office furniture, office equipment and computers. Overall, investment in capital assets increased by \$88,913 from last year. More detailed information about LTADD's capital assets is presented in Note H to the financial statements.

Long-term Liabilities

Long-term liabilities consisting of compensated absences, net pension liability and net OPEB liability decreased \$457,652 from the prior year. More detailed information about LTADD's long-term liabilities is presented in Note J to the financial statements.

NEXT YEAR'S BUDGETS

LTADD's FY 2022 budget was based on actual information received from the federal, state and local government contracts as of September 2021. Revenues and expenditures were budgeted at \$11,245,911, which is 8.6% over actual amounts expended in FY 2022.

FUTURE OPERATIONS

Federal, state, and local governments fund the majority of all programs and projects administered by LTADD. A significant reduction in federal, state or local funding, if this were to occur, would have a significant, material effect on LTADD's future operation.

REQUEST FOR ADDITIONAL INFORMATION

This report is intended to provide readers with a general overview of LTADD's finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in this report or need additional information please contact the Lincoln Trail Area Development District, Attention: Fiscal Officer, PO Box 604, Elizabethtown, KY 42702-0604.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 2,182,764
Grant receivables	779,622
Other receivables	33,310
Prepaid expenses	8,392
Total current assets	<u>3,004,088</u>

Capital assets, net of depreciation

142,394

Restricted Assets:

Cash - Revolving Loan Fund - Legacy	217,745
Cash - Revolving Loan Fund - CARES Act funds	68,999
Revolving loan funds receivable, net of allowance - Legacy	262,659
Revolving loan funds receivable, net of allowance - CARES Act	103,608
Total restricted assets	<u>653,011</u>

Total Assets

3,799,493

Deferred Outflows of Resources:

Deferred outflows related to pensions	995,089
Deferred outflows related to OPEB	785,394
Total deferred outflows of resources	<u>1,780,483</u>

LIABILITIES

Current Liabilities:

Accounts payable	372,537
Advanced from grantors	197,504
Unearned grant revenue due to grantor	44,270
Accrued wages	316,074
Payroll withholdings and accruals	25,511
Compensated absences, current	33,455
Total current liabilities	<u>989,351</u>

Noncurrent liabilities:

Compensated absences, net of current portion	56,359
Net pension liability	3,947,121
Net OPEB liability	1,184,911
Total noncurrent liabilities	<u>5,188,391</u>

Total Liabilities

6,177,742

Deferred Inflows of Resources:

Deferred inflows related to pensions	778,356
Deferred inflows related to OPEB	711,208
Deferred revenue	144,803
Total deferred inflows of resources	<u>1,634,367</u>

NET POSITION

Net investment in capital assets	142,394
Restricted for Revolving Loan Fund	653,011
Unrestricted	(3,027,538)
Total Net Position	<u>\$ (2,232,133)</u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Function/Programs	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Position
	Direct Expenses	Indirect Cost Allocated	Charges for Services	Operating Grants and Contributions	
Governmental activities:					
General government	\$ 54,550	\$ 10,565	\$ 18,090	\$ 61,000	\$ 13,975
Community and economic development	370,323	103,113	-	432,880	(40,556)
Revolving loan fund	8,520	1,888	15,324	5,330	10,246
Employment and training	1,351,510	96,822	-	1,435,369	(12,963)
Social services	7,811,564	374,714	-	8,160,922	(25,356)
Transportation	223,777	56,813	-	257,277	(23,313)
Total	\$ 9,820,244	\$ 643,915	\$ 33,414	\$ 10,352,778	(77,967)

General Revenues:

Member dues	90,959
Interest	1,631
Other income	7,398
Total general revenues	99,988

Change in Net Position 22,021

Net position, beginning
of year (2,254,154)

Net position, end of year \$ (2,232,133)

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,415,313	\$ 1,054,195	\$ 2,469,508
Interfund receivables	394,590	178,650	573,240
Grant receivables	-	779,622	779,622
Other receivables	-	33,310	33,310
Prepaid expenses	1,760	6,632	8,392
Total Assets	\$ 1,811,663	\$ 2,052,409	\$ 3,864,072
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts payable	\$ -	\$ 372,537	\$ 372,537
Interfund payables	-	573,240	573,240
Advances from grantors	-	197,504	197,504
Unearned grant revenue due to grantor	-	44,270	44,270
Deferred revenue	-	144,803	144,803
Accrued wages	-	316,074	316,074
Payroll withholdings and accruals	-	25,511	25,511
Total Liabilities	-	1,673,939	1,673,939
Fund Balances:			
Nonspendable	8,392	-	8,392
Restricted	-	285,014	285,014
Committed	-	89,814	89,814
Unassigned	1,803,271	3,642	1,806,913
Total Fund Balances	1,811,663	378,470	2,190,133
Total Liabilities and Fund Balances	\$ 1,811,663	\$ 2,052,409	\$ 3,864,072

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2022

Total Fund Balances - Governmental Funds**\$ 2,190,133**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds:

Cost	\$ 504,322	
Accumulated depreciation	<u>(361,928)</u>	142,394

Long-term restricted assets are not available to pay for current period expenditures:

Revolving loan fund receivables - Legacy	262,659	
Revolving loan fund receivables - CARES Act	<u>103,608</u>	366,267

Deferred outflows and inflows of resources related to pensions are applicable to future period, therefore, are not reported in the fund statements:

Deferred outflows related to pension	995,089	
Deferred inflows related to pension	<u>(778,356)</u>	216,733

Deferred outflows and inflows of resources related to other post employment benefits (OPEB) are applicable to future periods, therefore, are not reported in the fund statements:

Deferred outflows related to OPEB	785,394	
Deferred inflows related to OPEB	<u>(711,208)</u>	74,186

Long-term liabilities including net pension liability are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds:

Compensated absences	(89,814)	
Net pension liability	(3,947,121)	
Net OPEB liability	<u>(1,184,911)</u>	<u>(5,221,846)</u>

Net Position of Governmental Activities**\$ (2,232,133)**

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal revenue	\$ 46,000	\$ 2,993,815	\$ 3,039,815
State revenue	-	6,995,134	6,995,134
Local revenue	124,049	29,118	153,167
Transfer of local funds	(28,503)	28,503	-
Cash match	-	178,882	178,882
Program income	-	12,358	12,358
Interest income	1,631	15,324	16,955
Other income	6,148	1,275	7,423
In-kind contributions	-	82,446	82,446
Total Revenues	149,325	10,336,855	10,486,180
Expenditures:			
General government	62,693	-	62,693
Community and economic development	-	448,728	448,728
Revolving loan fund	-	10,003	10,003
Employment and training	-	1,426,268	1,426,268
Social services	-	8,100,602	8,100,602
Transportation	-	267,374	267,374
Capital outlay	101,686	17,786	119,472
Total Expenditures	164,379	10,270,761	10,435,140
Excess of Revenues Over Expenditures	(15,054)	66,094	51,040
Other Financing Sources (Uses)			
Operating Transfers In (Out)	61,422	(61,422)	-
RLF principal received/(disbursed), net	-	82,217	82,217
Total Other Financing Sources (Uses)	61,422	20,795	82,217
Net Change in Fund Balances	46,368	86,889	133,257
Fund Balances, beginning of year	1,765,295	291,581	2,056,876
Fund Balances, end of year	\$ 1,811,663	\$ 378,470	\$ 2,190,133

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 133,257
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays	\$ 119,472	
Depreciation expense	<u>(22,900)</u>	96,572

The increase in long-term revolving loan fund receivables does not provide current financial resources, and thus is to report in governmental funds:

Change in revolving loan fund receivable, net of allowance - Legacy	(36,503)	
Change in revolving loan fund receivable, net of allowance - RLF CARES Act	<u>(45,715)</u>	(82,218)

Certain expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds:

Change in compensated absences liability	6,733
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Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions are reported as pension expense.

	(105,304)
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Governmental funds report other post employee benefit (OPEB) contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions are reported as OPEB expense.

	(27,019)
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Change in net position of governmental activities	<u>\$ 22,021</u>
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LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – REPORTING ENTITY

The Lincoln Trail Area Development District (LTADD) (the District) was established under the laws of the Commonwealth of Kentucky by KRS 147A.050(4). The Attorney General in OAG 78-534 held that Area Development Districts are political subdivisions of the Commonwealth of Kentucky. As an Area Development District, the Lincoln Trail Area Development District has entered into various grant agreements, all of which are subject to the financial management policies of the District.

The District receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since members of the District’s Board of Directors are elected officials, or are appointed by elected officials, and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lincoln Trail Area Development District have been prepared to conform with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

- (1) Basis of Presentation – Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. All of the District’s activities are governmental and thus the statements reflect no business-type activities.

The government-wide statements are prepared using the economic resources measurements focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service program or department and are, therefore, clearly identifiable to a particular program. Indirect costs are expenses that are not specifically identifiable to a particular program and are therefore allocated to the various programs. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of program expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

LTADD classifies net position in the government-wide financial statements as follows:

- Net investment in capital assets includes capital assets, net of depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or grant agency) limitations on their use. LTADD typically uses restricted assets first but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District has neither nonmajor funds nor fiduciary funds.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in fund balances.

The District has the following governmental funds:

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. Any fund balances are considered as resources available for use. This is a major fund of the District.

The Special Revenue Fund accounts for proceeds of specific revenue sources that is legally restricted to disbursements for special purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the special project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

- (2) Basis of Accounting – Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year end.

Non-Exchange Transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Non-Exchange Transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been earned and eligibility requirements are met would be recorded as deferred revenue.

Unearned Grant Revenue Due to Grantor – Unearned grant revenue due to grantor includes grant revenues received but not earned for District grants, contracts, and MOA's for which expenditure time limitations have expired.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in net position as an expense with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to first apply restricted resources.

The measurement focus on governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

- (3) Budgetary Principles – The District is not legally required to adopt a budget; however, a budget is prepared using the grants management basis of accounting for each fiscal year and is approved by the Board of Directors.
- (4) Cash Equivalents – For purposes of financial statement presentation, LTADD considers all cash on hand, demand deposits and certificates of deposit as cash equivalents.
- (5) Allowance for Loan Losses – The allowance for loan losses for the revolving loan fund is maintained at a level, considered by management, to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon a review of individual credits, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs.
- (6) Capital Assets – Capital assets are reported in the government-wide financial statements. Capital assets are defined by LTADD as assets with an initial, individual cost of more than \$500. Such assets are recorded at historical costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of LTADD are depreciated principally using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Vehicles and equipment	3 – 7 years
Equipment – grants	5 years

- (7) Compensated Absences – The compensated absences liability included in the balance sheet represents earned vacation available to employees, up to a maximum of 150 hours, at current compensation rates.
- (8) Recognition of Revenue – Grant revenue is recognized to the extent that expenditures are incurred in the manner specified by the grants and matching requirements are met.
- (9) Cost Allocation – LTADD is required by the Department of Local Government, to operate under a cost allocation plan (CAP) that conforms with 2 CFR Part 200. LTADD drafts the CAP using 2 CFR 200. A schedule of shared costs for FY22 is on page 40. In management's judgment LTADD is in conformity with 2 CFR 200.
- (10) Pension and OPEB Plans – For purposes of measuring the (1) net pension liability, (2) net OPEB liability, (3) deferred outflows and deferred inflows of resources related to pensions and OPEB, and (4) pension and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

are reported by CERS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

(11) Fund Balance Classification – In accordance with GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, fund balances are reported in the classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following are the fund balance categories and the distinctions between each:

- a. Nonspendable – amounts that are not in a spendable form (such as inventory or prepaid expenses) or that are required to be maintained intact.
- b. Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority, such as a Board of Directors. Amounts committed cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- d. Assigned – are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- e. Unassigned – is the residual classification for the government.

(12) Income Taxes – LTADD is exempt from federal and state income taxes by virtue of being a unit of local government under Regulation 103 KAR 30:225E and, accordingly, the financial statements include no provision for such taxes.

(13) Subsequent Events – Management has evaluated subsequent events through the date of the independent auditor’s report, which is the date the financial statements were available to be issued.

NOTE C – ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE D – DEPOSITS / CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, a government’s deposits may not be returned to it.

The Kentucky Revised Statutes authorize LTADD to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE D – DEPOSITS / CASH AND CASH EQUIVALENTS, Continued

The District's policy is to have all deposits covered by depository insurance or secured by pledged securities. At June 30, 2022, the carrying amounts of the District's deposits were \$2,469,508 and the bank balances were \$2,619,880. Of the bank balances, \$500,000 was covered by FDIC insurance, \$1,916,727 was covered by collateral held by the pledging financial institution in the District's name. The \$203,153 at risk was subsequently covered by an additional \$250,000 collateral pledge dated July 1, 2022.

NOTE E – INTERFUND RECEIVABLES AND PAYABLES

Receivables and payables between funds included on the Balance Sheet – Governmental Funds at June 30, 2022 are as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Special Revenue Fund:	Special Revenue Fund:	
Operational	Revolving Loan Fund	\$ 498
Operational	Participant Directed Services	74,227
Operational	Workforce Innovation and Opportunity Act (WIOA)	101,513
General Fund	Operational	397,002
		<u>\$ 573,240</u>

All routine operating expenditures are paid by the operational account. The due to/from between the various special revenue fund accounts are for routine receivables and payables and are expected to be paid within one year. The special revenue fund borrows from the general fund to finance day to day operations. The amount due from operational to the general fund is not expected to be paid within one year due to the reimbursement nature of grant agreements and the continual corresponding grant receivables.

NOTE F – FEDERAL AND STATE ADMINISTRED GRANT RECEIVABLES

Federal and state administered grant receivables consist of receivables for reimbursements of expenditures under various programs and grants. All amounts are expected but not guaranteed to be collected within the next year. The amount of non-collectible receivables, if any, could to be significant. Grant receivables at June 30, 2022 consisted of the following:

FY22

Cabinet for Health & Family Services - Aging	\$ 143,294
Department for Local Government	11,368
Transportation Cabinet	31,423
Department for Commerce	905
Division of Aging Services - Participant Directed Services	411,316
KY Cabinet for Workforce Development	181,316
	<u>\$ 779,622</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE G – REVOLVING LOAN FUND RECEIVABLES

The Revolving Loan - Legacy program was established in 1987 with 75% or \$500,000 of the funding coming from a Special Economic Development and Assistance grant from the Economic Development Administration (EDA) and a 25% or \$166,667 match provided by the LTADD. As of June 30, 2022, there were eight active loans with an outstanding principal balance of \$262,659. In October 2021, these funds were de-federalized.

In FY 2021 LTADD received a direct federal award from the Economic Development Administration for Revolving Loan CARES Act funds for \$550,000. \$500,000 to be loaned out to small business and \$50,000 for administration of the loans. As of June 30, 2022, there were eight active loans with an outstanding balance of \$103,608. In May 2022 \$194,105 in RLF CARES Act capital for lending and \$12,359 in administration funds were de-obligated.

All loans for both the RLF Legacy and RLF CARES Act programs were current at June 30, 2022.

The revolving loan fund receivables at June 30, 2022, are summarized as follows:

	RLF Legacy	RLF CARES Act
Principal balance of loans outstanding	\$ 262,659	\$ 103,608
Allowance for loan losses	-	-
Revolving loan fund receivables, net of allowance	<u>\$ 262,659</u>	<u>\$ 103,608</u>

Recoveries and provisions are recorded in the statement of activities. In management's opinion, all known loan losses have been previously written off, and there are no anticipated loan losses requiring provision.

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Vehicles and equipment	\$ 249,839	\$ 101,686	\$ 11,464	\$ 340,061
Equipment - grant purchased	165,570	17,786	19,095	164,261
Total cost	<u>415,409</u>	<u>119,472</u>	<u>30,559</u>	<u>504,322</u>
Less accumulated depreciation				
Vehicles and equipment	238,215	12,639	11,464	239,390
Equipment - grant purchased	<u>131,372</u>	<u>10,261</u>	<u>19,095</u>	<u>122,538</u>
Total accumulated depreciation	<u>369,587</u>	<u>22,900</u>	<u>30,559</u>	<u>361,928</u>
Net capital assets	<u>\$ 45,822</u>	<u>\$ 96,572</u>	<u>\$ -</u>	<u>\$ 142,394</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE H – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

General government	\$ 12,639
Community and economic development	2,640
Employment and training	1,297
Social services	5,301
Transportation	1,023
Total depreciation expense	<u>\$ 22,900</u>

NOTE I – UNEARNED GRANT REVENUE DUE TO GRANTOR

At June 30, 2022 unearned grant revenue of \$44,270 includes revenues received but not earned, from District grant agreements, and is as follows:

Contract/Billing Name	FY22 Revenue Received	FY22 Expenditures	Amount Due to Grantor
FY07 and prior - all sources	\$ -	\$ -	\$ 5,352
FY09			
DOE-JAG	-	-	2,465
Participant Directed Services	-	-	5,090
FY10			
DOE-JAG	-	-	56
Participant Directed Services	-	-	18,550
FY12			
Workforce Innovation & Opportunity Act	-	-	1,970
FY18			
Cumberlands WD Board Support - KY Health	-	-	385
FY21			
Participant Directed Services	-	-	662
FY22			
Title III Aging Planning & Admin	195,897	195,848	49
Title III-C1	687,415	685,775	1,640
Title III-C2	431,319	425,052	6,267
PCAP Subsidy & Coordination	315,892	314,108	1,784
			<u>\$ 44,270</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE J – LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Beginning		Payments/	Ending	Amount Due
	Balance	Additions	Reductions	Balance	Within
					One Year
Compensated absences	\$ 96,547	\$ -	\$ 6,733	\$ 89,814	\$ 33,455
Net Pension liability	4,246,296	-	299,175	3,947,121	-
Net OPEB liability	1,336,655	-	151,744	1,184,911	-
Total long-term liabilities	<u>\$ 5,679,498</u>	<u>\$ -</u>	<u>\$ 457,652</u>	<u>\$ 5,221,846</u>	<u>\$ 33,455</u>

Additions and reductions to compensated absences represent the net change in compensated absences for the fiscal year. Reduction to long-term debt of \$299,175 for net pension liability is a result of the reporting requirements, of GASB 68, *Accounting and Financial Reporting for Pensions*. GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* resulted in a decrease of \$151,744 to net OPEB liability.

NOTE K – DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. LTADD has two items that qualify for reporting in this category: The pension deferred outflows of \$995,089 and the other post-employment benefit deferred outflows of \$785,394 at June 30, 2022. The pension deferred outflows are described in Note L to the financial statements. The other post-employment benefit deferred outflows are described in Note M.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LTADD has three items that qualified for reporting in this category: the pension deferred inflows of \$778,356, other post-employment benefit deferred inflows of \$711,208 and deferred revenue of \$144,803 at June 30, 2022. The pension deferred inflows are described in Note L to the financial statements. The other post-employment benefit deferred outflows are described in Note M.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been earned and eligibility requirements are met would be recorded as deferred revenue. LTADD reports deferred revenue in its financial statements as deferred inflows of resources.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE K – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, Continued

Deferred revenue at June 30, 2022 is as follows:

Funding Source	Amount
ADRC - Medicaid Federal Funds	\$ 45,462
Breckinridge County FY23 Local Contributions	1,849
City of Bloomfield FY23 Local Contributions	348
City of Irvington FY23 Local Contributions	1,849
City of New Haven FY23 Local Contributions	289
Hazard Mitigation	10,349
Marion County	96
Participant Directed Services	74,942
Service Providers	8,169
Workforce Investment and Opportunity Act	1,450
	<u>\$ 144,803</u>

NOTE L – PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of Lincoln Trail Area Development District are provided a defined benefit pension plan through the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA). The CERS pension plan has two categories: Non-Hazardous and Hazardous. Lincoln Trail Area Development District employees participate in Non-Hazardous. The KPPA is the successor to Kentucky Retirement Systems and was created by state statute under Kentucky Revised Statute Section 61.645 as amended by House Bill 484 and House Bill 9 of the 2020 and 2021 regular sessions, respectively, of the Kentucky General Assembly. These amendments transferred governance of the CERS to a separate nine member board of trustees. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits provided. Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute, there are currently three benefit Tiers. Tier 1 members are those participating in the plan before 9/1/2008, Tier 2 are those that began participation 9/1/2008 through 12/31/2013, and Tier 3 are those members that began participation on or after 1/1/2014.

Benefits provided – Non-Hazardous. Tier 1 Non-Hazardous members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must contain at least 48 months. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service related disability benefits are provided after five years of service. Tier 2 Non-Hazardous members are eligible to retire based on the rule of 87: the member must be at least age 57 and age + earned service must equal 87 years at retirement or at age 65 with five years of service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must be 60 months. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 Non-Hazardous members are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the KPPA Board based on a members accumulated account balance. Tier 3 members are not eligible for reduced retirement benefits.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE L – PENSION PLAN, continued

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgement, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

General Information about the Pension Plan

Contributions. Contributions for employees are established in the statutes governing the KPPA and may only be changed by the Kentucky General Assembly. Non-hazardous employees contribute 5% of salary if they were plan members prior to September 1, 2008. Non-hazardous employees that entered the plan after September 1, 2008 are required to contribute 6% of their annual creditable compensation. The additional 1% is deposited into to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, total employer contributions for the District were \$428,079 based on a rate of 26.95% for Non-Hazardous members through covered payroll. The contribution rate of 26.95% for Non-Hazardous is comprised of amounts for pension and insurance benefits; 21.17% or \$336,256 was dedicated to pensions and 5.78% or \$91,823 was allocated to insurance.

By law, employer contributions are required to be paid. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. The District's proportion of the collective net pension liability and pension expense was determined using the employer's actual contributions for Fiscal Year 2021. This method is expected to be reflective of the employers' long term contribution effort. At June 30, 2021, the District's proportion was .061908 percent, which was an increase of .006545 percent from its proportion measured at June 30, 2020.

Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2021 was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date as of June 30, 2020. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

Actuarial Assumptions. There have been no actual assumption or method changes since June 30, 2020.

The assumptions are:

- Inflation – 2.30%
- Payroll growth rate – 2.00%
- Salary increases – 3.30% to 10.30%, varies by service
- Investment rate of return – 6.25%

During the 2018 legislative session, House Bill 185 was recommended, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE L – PENSION PLAN, continued

Senate Bill 249 passed during the 2020 legislative session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Net Pension Liability

The mortality table used for active members was a Pub-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit / High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Expected Real Return	100.00%	5.00%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		7.30%

Discount rate. The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes the local employers would contribute with required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 8 (passed in 2021). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the KPPA financial report.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE L – PENSION PLAN, continued
Net Pension Liability

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the District calculated using the discount rate of 6.25 percent, as well as the net pension liability (asset) if calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
<u> </u>	<u> </u>	<u> </u>
\$ 5,062,369	\$ 3,947,121	\$ 3,024,278
<u> </u>	<u> </u>	<u> </u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued KPPA financial report.

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (income). For the year ended June 30, 2022, the District recognized pension expense (income) of \$441,560.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net difference between expected and actual liability experience	\$ 45,325	\$ 38,309
Changes of assumptions	52,975	-
Net difference between projected and actual earnings on plan investments	153,122	679,207
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	407,411	60,840
Contributions subsequent to the measurement date of June 30, 2021	336,256	-
Total	<u>\$ 995,089</u>	<u>\$ 778,356</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2021" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE L – PENSION PLAN, continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Pension Expense
2023	\$ 114,334
2024	38,483
2025	(107,597)
2026	(164,743)
	<u>\$ (119,523)</u>

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

NOTE M - OTHER POST-EMPLOYMENT BENEFIT PLANS

General Information about the OPEB Plan

Plan description. Employees of the District are provided hospital and medical insurance through the Kentucky Public Pension Authority's County Employees' Retirement Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KPPA was created by State statute under Kentucky Revised Statute Section 61.645. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits Provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous member members killed in the line of duty. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Contributions. Contribution requirements of the participating employers are established and may be amended by the CERS Board of Trustees. The District's contractually required contribution rate for the year ended June 30, 2022, was 5.78 percent of annual creditable compensation. Contributions to the Insurance Fund from the District were \$91,823 for the year ended June 30, 2022. Employees that entered the plan prior to September 1, 2008, are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008, are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

The District's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for Fiscal Year 2021. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2021 the District's proportion was .061893 percent, which was an increase of .006538 percent from its proportion measured as of June 30, 2020.

Net OPEB Liability

For financial reporting, the actuarial valuation as of June 30, 2021 was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date as of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

Actuarial Assumptions. The total OPEB liability as of June 30, 2021 was determined using the updated assumptions as follows:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-64	Initial trend starting at 6.30% in 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Net OPEB Liability

Senate Bill 169 passed during 2021 legislative session and changed the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021, is determined using these updated benefit provisions. There were no other material plan provision changes.

The mortality table used for active members was a Pub-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit / High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.15%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Expected Real Return	100.00%	5.00%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		7.30%

Net OPEB Liability

Discount rate. The discount rate used to measure the total OPEB liability was 5.20% for the Non-Hazardous employees. The discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance future benefit payments of current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system.

However, the cost associated with the implicit employer subsidy was not included in the calculation of the retirement plan's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the retirement plan's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the KPPA financial report.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued
Changes in the Net OPEB Liability

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the collective net OPEB liability as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

<u>1% Decrease (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
<u>\$ 1,626,873</u>	<u>\$ 1,184,911</u>	<u>\$ 822,207</u>

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
<u>\$ 852,995</u>	<u>\$ 1,184,911</u>	<u>\$ 1,585,538</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KPPA financial report.

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense. For the year ended June 30, 2022, the District recognized OPEB of \$118,842.

Deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources on the following table:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual liability experience	\$ 186,327	\$ 353,775
Changes of assumptions	314,142	1,102
Net difference between projected and actual earnings on plan investments	59,699	245,062
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	133,403	111,269
Contributions subsequent to the measurement date of June 30, 2021	91,823	-
Total	<u>\$ 785,394</u>	<u>\$ 711,208</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2021", will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE M – OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>OPEB Expense</u>
2023	\$ 30,282
2024	2,140
2025	4,497
2026	(54,556)
	<u>\$ (17,637)</u>

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

DEFERRED COMPENSTATION

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457, 401(k) and 403(b). The Plans, available to all employees, permit employees to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements. LTADD makes no contributions to these plans.

NOTE N – RELATED PARTY TRANSACTIONS AND RENTAL COMMITMENTS

The District has entered into a lease agreement, which is a cancelable operating lease agreement for office and storage space with Lincoln Trail Development Foundation, Inc. The lease agreement is on an annual basis. The rental charge is computed based on the actual cost of providing the space. The annual rental cost totaled \$19,076 for the year ended June 30, 2022.

NOTE O – FUND BALANCES

Fund balances at June 30, 2022 are classified as follows: Nonspendable in the amount of \$8,392 represents amounts that cannot be spent due to form and correspond to prepaid expenses; Restricted by contractual provisions for the Revolving Loan Funds in the amount of \$285,014; Committed for the purpose of funding compensated absences in the amount of \$89,814. Committed fund balance classifications are determined by action of the Board of Directors.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

NOTE P – BUDGET BASIS REVENUES AND EXPENDITURES

The District maintains accounting records utilizing the grants management (budget) basis of accounting for grant and financial reporting purposes. Certain differences exist between the grants management (budget) basis of accounting and the governmental fund basis of accounting reported in the fund financial statements. The amounts reported are reconciled as follows:

Grants Management (Budget) Basis Revenues	\$ 10,498,820
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Agency depreciation allocation - equipment and vehicles	(12,640)
Fund Financial Statement Revenues	<u>\$ 10,486,180</u>
Grants Management (Budget) Basis Expenditures	\$ 10,352,001
Change in compensated absences liability not recognized in fund financial statements	6,733
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Agency depreciation allocation - vehicles	(4,901)
Agency capital asset additions, net of other agency depreciation expense	81,307
Fund Financial Statement Expenses	<u>\$ 10,435,140</u>

NOTE Q – RISK MANAGEMENT

LTADD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. LTADD participates in the Kentucky Association of Counties All Lines Fund (KALF), a public entity risk pool currently operating as a common risk management and insurance program for the Counties of Kentucky and their sub agencies. LTADD pays an annual premium to KALF for insurance coverage for certain risks of loss, including workers' compensation and general liability. The Coverage Agreement provides that KALF will be self-sustaining through member contributions, premiums and assessments and will reinsure through commercial companies for property related claims in excess of \$250,000 for each insured event.

NOTE R – CONCENTRATION OF RISK

During the year ended June 30, 2022, the District received 98.8% of its revenue from federal, state and local grants, and the related in-kind match and program income. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, it is determined that funds have not been used for the intended purpose, the grantor may request a refund of monies advanced, or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, could be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

NOTE S – IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLESRecently Issued Accounting Pronouncements*GASB No 87 Leases*

In June of 2017, the Government Accounting Standard Board (GASB) issued Statement No. 87 to improve accounting and financial reporting for leases by governments, by establishing standard for leases that previously were classified as operating leases. It established a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right to use lease asset, and Lessors to recognize a lease receivable and a deferred inflow of resources. The Statement is effective for reporting periods beginning after December 15, 2019. The district is currently evaluating the impact that the standard will have on its financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE

GOVERNMENTAL FUNDS - GRANTS MANAGEMENT BASIS

Year Ended June 30, 2022

	Original and Final Budget	Actual Amounts
Revenues:		
Federal revenue	\$ 4,521,838	\$ 3,039,815
State revenue	6,277,039	6,995,134
Local revenue	166,264	153,167
Cash match	176,480	178,882
Program income	-	12,358
Interest income	18,867	16,955
Other income	25,100	20,063
In-kind contributions	60,323	82,446
Total Revenue	11,245,911	10,498,820
Expenditures:		
Salaries	1,728,019	1,616,243
Fringe	1,069,049	928,876
Contractual services	4,052,248	3,108,599
Client services/program costs	3,935,824	4,288,299
Travel	41,385	32,604
Training	22,284	7,538
Ads, printing, publishing and copies	24,492	22,738
Equipment rent and maintenance	62,405	52,706
Capital outlay (equipment)	18,166	17,786
Supplies and postage	48,142	59,107
Phone	27,600	28,691
Dues and registrations	45,783	46,173
Other expenses	64,035	25,146
Rent	91,909	101,656
Insurance	14,570	15,839
Total Expenditures	11,245,911	10,352,001
Excess Revenue over Expenditures	\$ -	146,819
Fund balance, beginning of year		2,420,438
Fund balance, end of year		\$ 2,567,257

Note A: The LTADD budget is prepared on the grants management basis of accounting for the General Fund and the Special Revenue Fund combined, as approved by the Board of Directors.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

June 30, 2022

Last 10 Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of net pension liability	0.061908%	0.055363%	0.051568%	0.061190%
Proportionate share of the net pension liability	\$ 3,947,121	\$ 4,246,296	\$ 3,626,800	\$ 3,726,658
Covered employee payroll	\$ 1,588,418	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765
Proportionate share of the net pension liability as a percentage of covered payroll	248.49%	267.73%	255.73%	286.50%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of net pension liability	0.064250%	0.069540%	0.070682%	0.070132%
Proportionate share of the net pension liability	\$ 3,760,750	\$ 3,423,862	\$ 3,038,979	\$ 2,275,000
Covered employee payroll	\$ 1,516,807	\$ 1,562,646	\$ 1,658,723	\$ 1,644,544
Proportionate share of the net pension liability as a percentage of covered payroll	247.94%	219.11%	183.21%	138.34%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%

* Fiscal year 2015 was the first year of implementation; therefore, only eight years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**

June 30, 2022

Last 10 Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of net OPEB liability	0.061893%	0.055355%	0.051555%	0.061196%
Proportionate share of the net OPEB liability	\$ 1,184,911	\$ 1,336,655	\$ 867,132	\$ 1,086,523
Covered employee payroll	\$ 1,588,418	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765
Proportionate share of the net OPEB liability as a percentage of covered payroll	74.60%	84.28%	61.14%	83.53%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%

	<u>2018</u>
Proportion of net OPEB liability	0.064250%
Proportionate share of the net OPEB liability	\$ 1,291,645
Covered employee payroll	\$ 1,516,807
Proportionate share of the net OPEB liability as a percentage of covered payroll	85.16%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%

* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF CONTRIBUTIONS TO PENSION**

June 30, 2022

Last 10 Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 336,256	\$ 306,122	\$ 273,732	\$ 210,978
Contributions in relation to the actuarially determined contribution	<u>(336,256)</u>	<u>(306,122)</u>	<u>(273,732)</u>	<u>(210,978)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,588,418	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765
Contributions as a percentage of covered employee payroll	21.17%	19.30%	19.30%	16.22%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 219,624	\$ 217,963	\$ 206,015	\$ 214,320
Contributions in relation to the actuarially determined contribution	<u>(219,624)</u>	<u>(217,963)</u>	<u>(206,015)</u>	<u>(214,320)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,516,807	\$ 1,562,646	\$ 1,658,723	\$ 1,644,544
Contributions as a percentage of covered employee payroll	14.48%	13.95%	12.42%	13.03%

* Fiscal year 2015 was the first year of implementation; therefore, only eight years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF CONTRIBUTIONS TO OPEB**

June 30, 2022

Last 10 Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 91,823	\$ 75,481	\$ 67,494	\$ 68,426
Contributions in relation to the actuarially determined contribution	<u>(91,823)</u>	<u>(75,481)</u>	<u>(67,494)</u>	<u>(68,426)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,588,418	\$ 1,586,048	\$ 1,418,230	\$ 1,300,765
Contributions as a percentage of covered employee payroll	5.78%	4.76%	4.76%	5.26%
	<u>2018</u>			
Contractually required contribution (actuarially determined)	\$ 71,287			
Contributions in relation to the actuarially determined contribution	<u>(71,287)</u>			
Contribution deficiency (excess)	<u>\$ -</u>			
Covered employee payroll	\$ 1,516,807			
Contributions as a percentage of covered employee payroll	4.70%			

* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

June 30, 2022

CERS PENSION

Changes of benefit terms: There were no changes in benefit terms for plan years 2014 through 2021

Changes of assumptions (as of June 30 for the year of the measurement date):

2014:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016:

- No changes

2017:

- The assumed investment return was changed from 7.50% to 6.25%
- The price inflation assumption was changed from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.
- The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%

2018:

- No changes

2019:

- Salary increase was changed from 3.05% to a range from 3.30% to 11.55% which varies by service

2020:

- Salary increase was changed from a range of 3.3% to 11.55% to a range from 3.30% to 10.30% which varies by service year
- Senate Bill 249 passed during the 2020 legislative session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization basis. This change does not impact the calculation of the total pension liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020

2021:

- No changes

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB

June 30, 2022

CERS OPEB

Changes of benefit terms : There were no changes in benefit terms for plan years 2017 to 2021

Changes of assumptions (as of June 30 for the year of the measurement date):

2017:

- The assumed investment return was changed from 7.50% to 6.25%
- The price inflation assumption was changed from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption at all years of service
- The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%
- For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%
- For the Hazardous Plan, the single discount rate changed from 7.37% to 5.96%

2018:

- No changes

2019:

- Salary increase was changed from 3.05% to a range from 3.30% to 11.55% which varies by service
- Health care trends for Pre-65 initial trend changed from 7.00% to 7.25% on January 1, 2019, the period was increased by 1 year to 13 years
- Health care trends for Post-65 initial trend changed from 5.00% to 5.10% on January 1, 2019, the period was increased by 1 year to 11 years

2020:

- For the Non-Hazardous Plan, the single discount rate changed from 5.68% to 5.24%
- Salary increase was changed from a range of 3.30% to 11.55% to a range of 3.30% to 10.30% which varies by service
- Health care trends for Pre-65 initial trend changed from 7.25% to 6.4% on January 1, 2022, the period was decreased by 1 year to 14 years
- Health care trends for Post-65 initial trend changed from 5.10% to 2.9% on January 1, 2022 and Increasing to 6.30% in 2023. The period was increased by 1 year to 14 years.
- Senate Bill 249 passed during the 2020 legislative session changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization basis. This change does not impact the calculation of the total OPEB liability and only impacts the Calculation of the contribution rates that would be payable starting July 1, 2020
- The assumption load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee

2021:

- For the Non-Hazardous Plan, the single discount rate changed from 5.34% to 5.20%
- For the Non-Hazardous Plan, the municipal bond rate changed from 2.45% to 1.92%.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF SHARED COSTS**

Year Ended June 30, 2022

	Operational	Indirect	Common	Total
Salaries	\$ 142,853	\$ 104,750	\$ 44,180	\$ 291,783
Fringe benefits	72,880	60,858	25,744	159,482
Contractual services	8,668	23,708	-	32,376
Travel	14,570	87	42	14,699
Training	45	68	-	113
Ads, printing, publications & copies	1,643	720	2,500	4,863
Equipment rent and maintenance	963	2,606	4,567	8,136
Supplies and postage	8,029	2,305	6,389	16,723
Phone	3,697	1,551	632	5,880
Dues and registrations	12,166	1,246	135	13,547
Other costs	3,691	1,345	266	5,302
Rent	6,163	5,356	63,653	75,172
Insurance & bond expenses	14,366	1,473	-	15,839
	<u>\$ 289,734</u>	<u>\$ 206,073</u>	<u>\$ 148,108</u>	<u>\$ 643,915</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2022

	Joint Funding Agreement	Joint Funding Agreement - EDA CARES Act	Kentucky Infrastructure Authority	OLDCC - Compatible Use Plan	FEMA Hazard Mitigation Plan	COMMUNITY & ECONOMIC DEVELOPMENT TOTAL	KTC Regional Transportation	KTC Metropolitan Planning Organization	MPO East Elizabethtown Transportation Connectivity Study	Federal Transit Administration
Revenues										
Federal revenue	\$ 77,102	\$ 66,647	\$ -	\$ 56,429	\$ 32,211	\$ 232,389	\$ -	\$ 107,731	\$ 16,858	\$ 485
Federal revenue - CARES (aging)	-	-	-	-	-	-	-	-	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	-	-	-	-
State revenue	123,754	-	66,000	-	10,737	200,491	78,254	6,733	-	-
Local revenue	-	-	-	-	-	-	8,693	20,200	-	123
Transfer of local cash	6,768	-	1,716	6,270	-	14,754	3,864	-	-	-
Contractor cash match	-	-	-	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-	-	-	-
Total revenues	207,624	66,647	67,716	62,699	42,948	447,634	90,811	134,664	16,858	608
Expenditures										
Personnel	97,739	32,600	31,162	30,453	20,726	212,680	41,968	62,866	-	293
Fringe benefits	56,249	18,162	18,223	17,127	12,121	121,882	24,540	36,757	-	171
Contractual services	-	-	-	-	-	-	-	-	16,858	-
Client services / program costs	-	-	-	-	-	-	-	-	-	-
Travel	133	25	57	-	-	215	168	150	-	-
Training	2,490	-	-	-	-	2,490	448	-	-	-
Ads, printing, publications & copies	215	50	4	3	-	272	16	239	-	1
Equipment rent and maintenance	724	-	2,526	257	-	3,507	1,985	1,815	-	-
Grant purchased equipment	-	-	-	-	-	-	-	-	-	-
Supplies and postage	117	-	135	-	-	252	74	64	-	-
Phone	1,238	-	413	-	-	1,651	413	1,322	-	-
Dues and registrations	1,207	200	10	-	-	1,417	745	814	-	-
Other costs	155	-	-	-	-	155	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-	-	-	-
Total expenditures	160,267	51,037	52,530	47,840	32,847	344,521	70,357	104,027	16,858	465
Shared costs applied:										
Operational costs	21,308	7,024	6,833	6,974	4,545	46,684	9,203	13,785	-	65
Indirect administration costs	15,156	4,996	4,860	4,641	3,233	32,886	6,546	9,805	-	45
Shared costs	10,893	3,590	3,493	3,244	2,323	23,543	4,705	7,047	-	33
Total expenditures	207,624	66,647	67,716	62,699	42,948	447,634	90,811	134,664	16,858	608
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):										
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2022

	KTC Local Road Updates Centerline	TRANSPORTATION TOTAL	EDA RLF Administration	RLF - EDA	EDA CARES Act RLF Administration	EDA CARES Act RLF	REVOLVING LOAN FUND TOTAL	Workforce Innovation & Opportunity Act	EMPLOYMENT & TRAINING TOTAL
Revenues									
Federal revenue	\$ -	\$ 125,074	\$ -	\$ -	\$ 5,305	\$ -	\$ 5,305	\$ 1,435,369	\$ 1,435,369
Federal revenue - CARES (aging)	-	-	-	-	-	-	-	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	-	-	-
State revenue	18,200	103,187	-	-	-	-	-	-	-
Local revenue	-	29,016	-	-	-	-	-	-	-
Transfer of local cash	5,629	9,493	-	-	733	-	733	-	-
Contractor cash match	-	-	-	-	-	-	-	-	-
Program income	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	12,660	-	2,664	15,324	-	-
Other income	-	-	6,330	(6,330)	25	-	25	-	-
In-kind contributions	-	-	-	-	-	-	-	-	-
Total revenues	23,829	266,770	6,330	6,330	6,063	2,664	21,387	1,435,369	1,435,369
Expenditures									
Personnel	11,578	116,705	1,428	-	2,449	-	3,877	204,670	204,670
Fringe benefits	6,672	68,140	833	-	1,430	-	2,263	110,176	110,176
Contractual services	-	16,858	-	-	-	-	-	725,069	725,069
Client services / program costs	-	-	-	-	-	-	-	246,966	246,966
Travel	-	318	-	-	-	-	-	550	550
Training	-	448	-	-	-	-	-	-	-
Ads, printing, publications & copies	-	256	3	-	1	-	4	772	772
Equipment rent and maintenance	-	3,800	843	-	843	-	1,686	1,212	1,212
Grant purchased equipment	-	-	-	-	-	-	-	10,131	10,131
Supplies and postage	-	138	1	-	-	-	1	6,945	6,945
Phone	-	1,735	-	-	-	-	-	2,198	2,198
Dues and registrations	-	1,559	-	-	-	-	-	3,374	3,374
Other costs	-	-	117	-	147	-	264	-	-
Rent	-	-	-	-	-	-	-	26,484	26,484
Insurance & bond expense	-	-	-	-	-	-	-	-	-
Shared costs applied:	18,250	209,957	3,225	-	4,870	-	8,095	1,338,547	1,338,547
Operational costs	2,538	25,591	313	-	537	-	850	43,566	43,566
Indirect administration costs	1,780	18,176	222	-	382	-	604	30,986	30,986
Shared costs	1,261	13,046	160	-	274	-	434	22,270	22,270
Total expenditures	23,829	266,770	3,920	-	6,063	-	9,983	1,435,369	1,435,369
Revenues over (under) expenditures	-	-	2,410	6,330	-	2,664	11,404	-	-
Other financing sources (uses):									
Operating transfers in (out)	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	2,410	6,330	-	2,664	11,404	-	-
Fund balances, beginning of year	-	-	-	465,126	-	-	465,126	-	-
Fund balances, end of year	\$ -	\$ -	\$ 2,410	\$ 471,456	\$ -	\$ 2,664	\$ 476,530	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2022

	Title III Aging Planning & Admin	Title III-B Support Services	Title III-B Ombudsman	Title III-C1 Congregate Meals	Title III-C2 Home Delivered Meals	Title III-D Preventive Health	Title III-E Caregiver	Title VII Elder Abuse	Title VII Ombudsman	Nutrition Services Incentive Program "NSIP"	Homecare Administration
Revenues											
Federal revenue	\$ 23,605	\$ 199,985	\$ 27,501	\$ 415,517	\$ 53,219	\$ 20,722	\$ 96,559	\$ 5,364	\$ 13,815	\$ 65,141	\$ -
Federal revenue - CARES (aging)	12,814	49,991	-	-	-	-	36,564	-	7,025	-	-
Federal revenue - CRRSA (aging)	13,463	-	-	-	58,094	-	-	-	-	-	-
State revenue	145,966	205,178	-	169,058	249,882	-	85,966	1,184	2,690	-	65,900
Local revenue	-	-	-	-	100	-	-	-	-	-	-
Transfer of local cash	-	-	-	-	-	-	-	-	-	-	-
Contractor cash match	-	45,690	-	10,107	63,757	-	-	-	-	-	-
Program income	-	1,803	-	8,647	-	-	20	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	82,446	-	-	-	-	-	-	-
Total revenues	195,848	502,647	27,501	685,775	425,052	20,722	219,109	6,548	23,530	65,141	65,900
Expenditures											
Personnel	87,339	80,801	-	-	-	-	39,575	1,335	126	-	31,610
Fringe benefits	51,022	48,479	-	-	-	-	23,749	779	74	-	18,485
Contractual services	1,924	315,123	27,501	680,791	425,052	20,286	114,937	-	17,908	65,141	-
Client services / program costs	-	3,498	-	4,834	-	-	6,867	-	-	-	-
Travel	1,851	3,107	-	-	-	-	637	-	-	-	-
Training	-	-	-	-	-	325	-	-	-	-	-
Ads, printing, publications & copies	1,416	227	-	-	-	3	5,500	332	-	-	-
Equipment rent and maintenance	30	10,634	-	-	-	-	5,211	-	1,909	-	-
Grant purchased equipment	-	-	-	-	-	-	-	-	-	-	-
Supplies and postage	1,550	817	-	-	-	73	2,979	3,451	3,452	-	62
Phone	3,038	203	-	-	-	-	69	-	-	-	-
Dues and registrations	4,344	-	-	-	-	-	72	-	-	-	337
Other costs	784	-	-	150	-	35	39	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-	-	-	-	-
Shared costs applied:	153,298	462,889	27,501	685,775	425,052	20,722	199,635	5,897	23,469	65,141	50,494
Operational costs	19,146	17,889	-	-	-	-	8,763	293	28	-	6,932
Indirect administration costs	13,617	12,724	-	-	-	-	6,232	208	20	-	4,930
Shared costs	9,787	9,145	-	-	-	-	4,479	150	13	-	3,544
Total expenditures	195,848	502,647	27,501	685,775	425,052	20,722	219,109	6,548	23,530	65,141	65,900
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):											
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2022

	Homecare Social Services	Homecare Home Delivered Meals	FY22 Disaster Relief - Tornado	CMS-SHIP	PCAP Administration	PCAP Subsidy & Coordination	ADRC No Wrong Door Funds	ADRC CDC Funds	ADRC Medicaid Federal Funding	ACA MIPPA/AAA	ACA MIPPA/ADRC
Revenues											
Federal revenue	\$ -	\$ -	\$ -	\$ 34,919	\$ -	\$ -	\$ 24,116	\$ 7,457	\$ 4,008	\$ 10,406	\$ 5,053
Federal revenue - CARES (aging)	-	-	-	-	-	-	-	-	-	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	-	-	-	-	-
State revenue	562,228	165,301	4,728	-	58,536	314,108	-	-	-	-	-
Local revenue	-	-	-	-	-	-	-	-	-	-	2
Transfer of local cash	-	-	-	-	-	-	-	-	-	-	-
Contractor cash match	36,496	22,832	-	-	-	-	-	-	-	-	-
Program income	20	1,868	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-	-	-	-	-
Total revenues	598,744	190,001	4,728	34,919	58,536	314,108	24,116	7,457	4,008	10,406	5,055
Expenditures											
Personnel	118,700	-	-	-	27,922	20,352	11,576	3,533	1,937	111	10
Fringe benefits	70,299	-	-	-	16,331	12,231	6,868	2,096	1,128	65	6
Contractual services	325,565	190,001	-	34,919	-	-	-	-	-	8,790	4,654
Client services / program costs	467	-	4,728	-	-	268,852	-	-	-	-	-
Travel	2,852	-	-	-	-	514	-	-	-	-	-
Training	-	-	-	-	-	-	-	-	-	-	-
Ads, printing, publications & copies	4,282	-	-	-	11	56	-	39	-	6	-
Equipment rent and maintenance	5,063	-	-	-	-	122	-	-	-	-	4
Grant purchased equipment	2,039	-	-	-	-	-	-	-	-	-	-
Supplies and postage	3,143	-	-	-	135	868	-	58	-	1,100	116
Phone	5,152	-	-	-	412	961	-	-	-	255	239
Dues and registrations	2,205	-	-	-	-	82	-	-	-	-	21
Other costs	854	-	-	-	116	50	-	-	-	25	-
Rent	-	-	-	-	-	-	-	-	-	-	-
Insurance & bond expense	-	-	-	-	-	-	-	-	-	-	-
Shared costs applied:	540,621	190,001	4,728	34,919	44,927	304,088	18,444	5,726	3,065	10,352	5,050
Operational costs	26,152	-	-	-	6,124	4,508	2,553	779	424	24	2
Indirect administration costs	18,601	-	-	-	4,355	3,207	1,815	554	302	17	2
Shared costs	13,370	-	-	-	3,130	2,305	1,304	398	217	13	1
Total expenditures	598,744	190,001	4,728	34,919	58,536	314,108	24,116	7,457	4,008	10,406	5,055
Revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):											
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2022

	ACA MIPPA/SHIP	Functional Assessment Service Team	State LTC Ombudsman	Home & Community Based PDS	Preferred Community Health Partners (PCHP)	Prescription Assistance Program (KPAP)	SOCIAL SERVICES TOTAL	SPECIAL REVENUE FUND TOTAL - GRANTS MANAGEMENT BASIS	Trust General Fund	District Contract Activities
Revenues										
Federal revenue	\$ 9,340	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 1,017,727	\$ 2,815,864	\$ -	\$ 46,000
Federal revenue - CARES (aging)	-	-	-	-	-	-	106,394	106,394	-	-
Federal revenue - CRRSSA (aging)	-	-	-	-	-	-	71,557	71,557	-	-
State revenue	-	-	37,875	4,565,022	-	57,834	6,691,456	6,995,134	-	-
Local revenue	-	-	-	-	-	-	102	29,118	90,959	21,730
Transfer of local cash	-	138	-	-	3,258	127	3,523	28,503	(28,503)	-
Contractor cash match	-	-	-	-	-	-	178,882	178,882	-	-
Program income	-	-	-	-	-	-	12,358	12,358	-	-
Interest income	-	-	-	-	-	-	-	15,324	1,631	-
Other income	-	-	-	-	1,250	-	1,250	1,275	18,788	-
In-kind contributions	-	-	-	-	-	-	82,446	82,446	-	-
Total revenues	9,340	1,138	37,875	4,565,022	4,508	57,961	8,165,695	10,336,855	82,875	67,730
Expenditures										
Personnel	15	206	-	335,904	2,158	1,722	764,932	1,302,864	(380)	15,656
Fringe benefits	9	123	-	199,509	1,290	1,001	453,544	756,005	547	9,153
Contractual services	8,337	-	34,719	11,516	-	47,132	2,334,296	3,076,223	-	-
Client services / program costs	-	708	-	3,751,379	-	-	4,041,333	4,288,299	-	-
Travel	-	-	-	2,307	-	1,470	12,738	13,821	2,800	1,265
Training	-	-	-	-	-	4,162	4,487	7,425	-	-
Ads, printing, publications & copies	43	-	-	3,774	-	866	16,555	17,859	16	-
Equipment rent and maintenance	-	-	-	7,543	-	-	30,516	40,721	-	-
Grant purchased equipment	-	-	-	5,615	-	-	7,654	17,785	-	-
Supplies and postage	377	-	3,156	12,174	-	573	34,084	41,420	716	-
Phone	542	-	-	6,022	-	-	16,893	22,477	-	-
Dues and registrations	-	-	-	558	-	199	7,818	14,168	18,458	-
Other costs	10	-	-	2,646	-	-	4,709	5,128	14,717	-
Rent	-	-	-	-	-	-	-	26,484	-	-
Insurance & bond expense	-	-	-	-	-	-	-	-	-	-
Shared costs applied:	9,333	1,037	37,875	4,338,947	3,448	57,125	7,729,559	9,630,679	36,874	26,074
Operational costs	3	45	-	74,087	477	376	168,605	285,296	(379)	3,432
Indirect administration costs	2	33	-	52,694	339	268	119,920	202,572	75	2,441
Shared costs	2	23	-	37,872	244	192	86,189	145,482	163	1,755
Total expenditures	9,340	1,138	37,875	4,503,600	4,508	57,961	8,104,273	10,264,029	36,733	33,702
Revenues over (under) expenditures	-	-	-	61,422	-	-	61,422	72,826	46,142	34,028
Other financing sources (uses):										
Operating transfers in (out)	-	-	-	(61,422)	-	-	(61,422)	(61,422)	41,547	13,698
RLF principal received (disbursed), net	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	11,404	87,689	47,726
Fund balances, beginning of year	-	-	-	-	-	-	-	643,520	1,812,153	(35,235)
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,924	\$ 1,899,842	\$ 12,491

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

COMBINING SCHEDULE OF OPERATIONS BY PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2022

	Internet Service DC	GENERAL FUND TOTAL - GRANTS MANAGEMENT BASIS	GRANTS MANAGEMENT BASIS TOTAL	SHARED COST ALLOCATION	GRANTS MANAGEMENT BASIS WITH SHARED COSTS ALLOCATED	GRANTS MANAGEMENT BASIS TO FUND BASIS CONVERSION	GOVERNMENTAL FUNDS TOTAL (after conversion)
Revenues							
Federal revenue	\$ -	\$ 46,000	\$ 2,861,864	\$ -	\$ 2,861,864	\$ -	\$ 2,861,864
Federal revenue - CARES (aging)	-	-	106,394	-	106,394	-	106,394
Federal revenue - CRRSSA (aging)	-	-	71,557	-	71,557	-	71,557
State revenue	-	-	6,995,134	-	6,995,134	-	6,995,134
Local revenue	11,360	124,049	153,167	-	153,167	-	153,167
Transfer of local cash	-	(28,503)	-	-	-	-	-
Contractor cash match	-	-	178,882	-	178,882	-	178,882
Program income	-	-	12,358	-	12,358	-	12,358
Interest income	-	1,631	16,955	-	16,955	-	16,955
Other income	-	18,788	20,063	-	20,063	(12,640)	7,423
In-kind contributions	-	-	82,446	-	82,446	-	82,446
Total revenues	11,360	161,965	10,498,820	-	10,498,820	(12,640)	10,486,180
Expenditures							
Personnel	6,320	21,596	1,324,460	291,783	1,616,243	6,733	1,622,976
Fringe benefits	3,689	13,389	769,394	159,482	928,876	-	928,876
Contractual services	-	-	3,076,223	32,376	3,108,599	-	3,108,599
Client services / program costs	-	-	4,288,299	-	4,288,299	-	4,288,299
Travel	19	4,084	17,905	14,699	32,604	(4,901)	27,703
Training	-	-	7,425	113	7,538	-	7,538
Ads, printing, publications & copies	-	16	17,875	4,863	22,738	-	22,738
Equipment rent and maintenance	3,849	3,849	44,570	8,136	52,706	-	52,706
Grant purchased equipment	-	-	17,785	-	17,785	-	17,786
Supplies and postage	248	964	42,384	16,723	59,107	-	59,107
Phone	334	334	22,811	5,880	28,691	-	28,691
Dues and registrations	-	18,458	32,626	13,547	46,173	-	46,173
Other costs	-	14,717	19,845	5,302	25,147	81,307	106,453
Rent	-	-	26,484	75,172	101,656	-	101,656
Insurance & bond expense	-	-	-	15,839	15,839	-	15,839
Shared costs applied:	14,459	77,407	9,708,086	643,915	10,352,001	83,139	10,435,140
Operational costs	1,385	4,438	289,734	(289,734)	-	-	-
Indirect administration costs	985	3,501	206,073	(206,073)	-	-	-
Shared costs	708	2,626	148,108	(148,108)	-	-	-
Total expenditures	17,537	87,972	10,352,001	-	10,352,001	83,139	10,435,140
Revenues over (under) expenditures	(6,177)	73,993	146,819	-	146,819	(95,779)	51,040
Other financing sources (uses):							
Operating transfers in (out)	6,177	61,422	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	82,217	82,217
Net change in fund balances	-	135,415	146,819	-	146,819	(13,562)	133,257
Fund balances, beginning of year	-	1,776,918	2,420,438	-	2,420,438	(363,562)	2,056,876
Fund balances, end of year	\$ -	\$ 1,912,333	\$ 2,567,257	\$ -	\$ 2,567,257	\$ (377,124)	\$ 2,190,133

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

	CFDA Number	Grant Number	Federal Award Expended	Expenditures To Subrecipients
<u>U.S. Department of Commerce</u>				
<u>Economic Development Administration</u>				
<u>Passed-through State Department: Economic Development Administration</u>				
Economic Development - Support for Planning Organizations	11.302	PON2 112 2100003360	\$ 66,667	\$ -
<u>Direct Received Funds</u>				
Economic Adjustment Assistance - RLF Legacy Funds	11.307	04-39-03494	363,242	-
<u>Direct Received Funds</u>				
COVID 19 - Economic Adjustment Assistance - RLF CARES Act	11.307	04-79-07523	177,913	-
<u>Passed-through State Department: Economic Development Administration</u>				
COVID 19 - Economic Adjustment Assistance - JFA CARES Act	11.307	PON2 112 2100000402	66,647	-
			607,802	-
Total U.S. Department of Commerce			674,469	-
<u>U.S. Department of Defense</u>				
<u>Office of Local Defense Community Cooperation</u>				
<u>Direct Received Funds</u>				
Community Economic Adj. Assist. for Compatible Use & Joint Land Use Studies	12.610	HQ00051910035	56,429	-
Total U.S. Department of Defense			56,429	-
<u>U.S. Department of Housing and Urban Development</u>				
<u>Assistant Secretary for Community Planning and Development</u>				
<u>Passed-through State Department: Community Planning and Development</u>				
Community Development Block Grant - JFA	14.228	PON2 112 2100003360	10,435	-
<u>Passed-through Local Sources</u>				
Community Development Block Grants - State Program	14.228	n/a	18,173	-
Total U.S. Department of Housing and Urban Development			28,608	-
<u>U.S. Department of Labor</u>				
<u>Employment and Training Administration</u>				
<u>Passed-through Kentucky Education Cabinet: Department for Workforce Investment</u>				
<u>Office of Employment & Training Administration</u>				
Trade Adjustment Assistance	17.245	205BE19	3,524	-
Trade Adjustment Assistance	17.245	TA-34445-20-55-A21	33,521	-
			37,045	-
<u>Office of Employment & Training Administration</u>				
WIOA Adult Program	17.258 a	270AD21	66,607	-
WIOA Adult Program	17.258 a	270AD22	21,958	-
WIOA Adult Program	17.258 a	273AD21	220,824	117,120
WIOA Adult Program	17.258 a	273AD22	322,065	156,749
			631,454	273,869
<u>Office of Employment & Training Administration</u>				
WIOA Youth Activities	17.259 a	274YT20	8,752	455
WIOA Youth Activities	17.259 a	274YT21	137,379	86,774
WIOA Youth Activities	17.259 a	274YT22	58,209	40,823
WIOA Youth Activities	17.259 a	274YT23	149	149
			204,489	128,201
<u>Office of Employment & Training Administration</u>				
WIOA Dislocated Worker Formula Grants	17.278 a	271DW20	164,161	87,836
WIOA Dislocated Worker Formula Grants	17.278 a	271DW21	231,488	144,216
WIOA Dislocated Worker Formula Grants	17.278 a	271RR20	13,601	13,601
WIOA Dislocated Worker Formula Grants	17.278 a	271SR20	6,192	-
WIOA Dislocated Worker Formula Grants	17.278 a	272DW20	23,561	15,531
WIOA Dislocated Worker Formula Grants	17.278 a	272DW21	123,378	61,589
			562,381	322,773
<i>a - Department of Labor - Workforce Investment Act Cluster</i>	1,398,324			
Total U.S. Department of Labor			1,435,369	724,843
<u>U.S. Department of Transportation</u>				
<u>Federal Highway Administration</u>				
<u>Passed-through Kentucky Transportation Cabinet</u>				
<u>Highway Planning and Construction:</u>				
Metropolitan Planning Organization - Unified Planning Work Programs	20.205	2100001229	107,731	-
Metropolitan Planning Organization - E. E-Town Transp. Connectivity Study	20.205	2000001260	16,858	16,858
			124,589	16,858

See notes to Schedule of Expenditures of Federal Awards.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2022

	CFDA Number	Grant Number	Federal Award Expended	Expenditures To Subrecipients
<u>U.S. Department of Transportation, continued</u>				
<u>Federal Transit Administration</u>				
<u>Passed-through Kentucky Transportation Cabinet</u>				
Metropolitan Transportation Planning - Section 5303	20.505	P033021442	485	-
Total U.S. Department of Transportation			125,074	16,858
<u>U.S. Department of Treasury</u>				
<u>Departmental Offices</u>				
<u>Passed-through Local Sources</u>				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - ARPA Funds	21.027	n/a	1,869	-
Total U.S. Department of Treasury			1,869	-
<u>U.S. Department of Health and Human Services</u>				
<u>Administration for Community Living</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
<u>Special Programs for the Aging:</u>				
Title VII Elder Abuse Prevention	93.041	PON2 725 2100001810	5,364	-
Title VII Ombudsman Services	93.042	PON2 725 2100001810	13,815	10,514
COVID 19 - Title VII Ombudsman Services - CARES	93.042	PON2 725 2100001810	7,025	5,346
			20,840	15,860
Title III-D Disease Prevention-Health Promotion	93.043	PON2 725 2100002005	20,722	1,160
Title III-B Supportive Services	93.044 b	PON2 725 2100002005	236,525	166,420
COVID 19 - Title III-B Supportive Services - CARES	93.044 b	PON2 725 2100002005	49,991	29,361
			286,516	195,781
Title III-C Nutrition Services	93.045 b	PON2 725 2100002005	480,679	417,449
COVID 19 - Title III-C Nutrition Services - CARES	93.045 b	PON2 725 2100002005	10,922	-
COVID 19 - Title III-C Nutrition Services - CRRSSA	93.045 b	PON2 725 2100002005	71,557	62,144
			563,158	479,593
Title III-E National Family Caregiver Support	93.052	PON2 725 2100002005	99,182	50,325
COVID 19 - Title III-E National Family Caregiver Support - CARES	93.052	PON2 725 2100002005	38,456	19,513
			137,638	69,838
Nutrition Services Incentive Program (NSIP)	93.053 b	PON2 725 2100003024	65,141	57,694
<u>b - Department of Health and Human Services - Aging Cluster</u>	914,815			
<u>Centers for Disease Control and Prevention</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Public Health Emergency Preparedness - Functional Assess. Serv. Teams	93.069	PON2 725 2000002444	1,000	-
<u>Administration for Community Living</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Medicare Enrollment Assistance Program - MIPPA AAA	93.071	PON2 725 2000000094	1,717	-
Medicare Enrollment Assistance Program - MIPPA AAA	93.071	PON2 725 2100003015	8,689	-
Medicare Enrollment Assistance Program - MIPPA ADRC	93.071	PON2 725 2000000094	1,021	-
Medicare Enrollment Assistance Program - MIPPA ADRC	93.071	PON2 725 2100003015	4,032	-
Medicare Enrollment Assistance Program - MIPPA SHIP	93.071	PON2 725 2000000094	1,661	-
Medicare Enrollment Assistance Program - MIPPA SHIP	93.071	PON2 725 2100003015	7,679	-
			24,799	-
State Health Insurance Assistance Program	93.324	PON2 725 2000003467	34,919	-
<u>Centers for Medicare and Medicaid Services</u>				
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>				
Medical Assistance Program - Aging & Disability Resource Center	93.778	PON2 725 2000004400	4,008	-
Medical Assistance Program - CDC	93.778	PON2 725 2000004400	7,457	-
Medical Assistance Program - No Wrong Door	93.778	PON2 725 2000004400	24,116	-
			35,581	-
Total U.S. Department of Health and Human Services			1,195,678	819,926
<u>U.S. Department of Homeland Security</u>				
<u>Federal Emergency Management Agency</u>				
<u>Passed-through Kentucky Division of Emergency Management</u>				
<u>Passed-through Marion County</u>				
Hazard Mitigation Grant	97.039	n/a	32,211	-
Total U.S. Department of Homeland Security			32,211	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,549,707	\$ 1,561,627

See notes to Schedule of Expenditures of Federal Awards.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the Lincoln Trail Area Development District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of 2CRF Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F - *Audit Requirements*. Therefore some amounts presented in this schedule may differ from amounts in or used in the preparation of the financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

Lincoln Trail Area Development District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Revolving Loan Fund

The District administers a Revolving Loan Fund. The federal grant award dated October 3, 1987 was \$500,000. Loan values, RLF cash balance, current year administrative expenses and loans written off, in lieu of expenditures, are used in determining major program status, and are as follows:

Balance of RLF loans outstanding at year end	\$	262,659
Cash and investment balance at year end		217,744
Administrative expenses paid out of RLF income during year		3,920
Unpaid principal of loans written off during the year		-
Total		484,323
Multiply federal share of RLF		75%
Federal expenditures for SEFA reporting	\$	363,242

Note 5 - EDA CARES Act - Revolving Loan Fund

The District was awarded a CARES Act Revolving Loan Fund grant. The grant was awarded on July 24, 2020 for \$550,000. \$500,000 to be used for loans and \$50,000 for administrative services. From July 2, 2021 through June 30, 2022, LTADD had no approved loans. Loan values, RLF cash balance, current year administrative expenses and loans written off, in lieu of expenditures, are used in determining major program status, and are as follows:

Balance of RLF loans outstanding at year end	\$	103,609
Cash and investment balance at year end		68,999
Administrative expenses paid out of RLF income during year		-
Administrative expenses paid out of Award funds during year		5,305
Total		177,913
Multiply federal share of RLF		100%
Federal expenditures for SEFA reporting	\$	177,913

Note 6 - Data Universal Numbering System (DUNS) Number

The District is registered in Dun & Bradstreet's Data Universal Numbering System database under the name Lincoln Trail Area Development District. The DUNS number assigned to our organization is 07-102-3808

Note 7 - Reconciliation of Federal Revenue to Schedule of Expenditures of Federal Awards

Total Federal Revenue - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$	3,039,815
Amounts reported in the schedule of expenditures of federal awards are different because:		
Economic Development Administration - Revolving Loan Fund program included on SEFA but has no current year revenue activity		363,242
Economic Development Administration - Revolving Loan Fund CARES program included on SEFA but has no current year revenue activity		177,913
Remove Revolving Loan Fund CARES Admin included in RLF CARES Program		(5,305)
Programs with timing differences in revenue/expenditure recognition for grant administration services passed through local sources:		
Community Development Block Grants - State program		(25,958)
Total Expenditures of Federal Awards	\$	3,549,707

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Note 8 - Sub-Recipients

Of the federal expenditures presented in the schedule, Lincoln Trail Area Development District provided federal awards to the following sub-recipients:

<u>Program Title</u>	<u>Sub Recipient</u>	<u>Amount Provided</u>
Aging		
Title III-B Supportive Services	Catholic Charites of Louisville	\$ 27,501
Title III-B Supportive Services	Central KY Community Action Council	48,786
Title III-B Supportive Services	Lifeline Homecare, Inc.	106,939
Title III-B Supportive Services	Legal Aid Society Inc.	12,555
Title III-C1 Nutrition Services	Central KY Community Action Council	363,868
Title III-C1 Nutrition Services	Assisted Dining Solutions, LLC	4,381
Title III-C2 Nutrition Services	Purfoods, LLC	111,344
Title III-D Health Prevention	Central KY Community Action Council	1,160
Title III-E Caregiver	Central KY Community Action Council	69,838
Title VII Ombudsman	Catholic Charites of Louisville	15,860
Nutrition Service Incentive Program	Central KY Community Action Council	57,694
Total Aging		819,926
Transportation		
MPO E. E-town Connectivity Study	Qk4	16,858
Total Transportation		16,858
Workforce Innovation & Opportunity Act		
Adult	AGC Automotive America	1,049
Adult	Career Team One-Stop Operator	6,988
Adult	Heartland Communication Consultants, Inc.	52,726
Adult	Hightower Workforce Initiative One-Stop Operator	122,275
Adult	Lake Cumberland Area Development District	52,196
Adult	Strategy Matters	38,635
Dislocated Workers	AGC Automotive America	5,000
Dislocated Workers	Career Team One-Stop Operator	4,417
Dislocated Workers	EKCEP/Teleworks	6,192
Dislocated Workers	Heartland Communication Consultants, Inc.	58,752
Dislocated Workers	Hightower Workforce Initiative One-Stop Operator	48,561
Dislocated Workers	Lake Cumberland Area Development District	163,650
Dislocated Workers	Strategy Matters	36,303
Dislocated Workers	Whitworth Tool Inc	(102)
Youth	Career Team One-Stop Operator	2,465
Youth	Heartland Communication Consultants, Inc.	44,123
Youth	Hightower Workforce Initiative One-Stop Operator	9,747
Youth	Lake Cumberland Area Development District	65,682
Youth	Strategy Matters	6,184
Total Workforce Innovation & Opportunity Act		724,843
Total Funds Passed Thru to Subrecipients		\$ 1,561,627

Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

KENNETH D. CLAUSON, CPA
SUSAN C. MOUSER, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Lincoln Trail Area Development District
Elizabethtown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lincoln Trail Area Development District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Lincoln Trail Area Development District's basic financial statements, and have issued our report thereon dated January 18, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln Trail Area Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Trail Area Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln Trail Area Development District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln Trail Area Development District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clauson, Mouser & Co

Certified Public Accountants

January 18, 2023

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Lincoln Trail Area Development District
Elizabethtown, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln Trail Area Development District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lincoln Trail Area Development District's major federal programs for the year ended June 30, 2022. Lincoln Trail Area Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lincoln Trail Area Development District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lincoln Trail Area Development District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lincoln Trail Area Development District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lincoln Trail Area Development District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lincoln Trail Area Development District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lincoln Trail Area Development District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lincoln Trail Area Development District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lincoln Trail Area Development District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Trail Area Development District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Claason, Mouser & Co.

Certified Public Accountants

January 18, 2023

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS and PRIOR AUDIT FINDINGS**

Year Ended June 30, 2022

Section I - Summary of Auditor's Results*Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

93.044, 93.045, 93.053 – Aging Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Prior Audit Findings

There were no prior audit findings.